

The reasons most project funding requests are unsuccessful

1. Inadequate Comprehensive Data. An executive summary is just an introduction to the project, not a comprehensive outline of the project. A full business plan which includes an executive summary, stabilized pro-forma income/expense data, complete development/construction costs data, sources/use of funds data and a viable exit strategy will be initially required for review in order to determine project acceptability.

2. No Collateral. All project submissions must demonstrate control of significant physical and/or marketable assets to initially collateralize the funding structure as a key component to attracting investment capital (bridge, mezzanine and/or equity) lies in the collateral offered by the project principals, which will secure the return of at least the invested principal amount. This can be in the form of the entitled and permitted market value of the subject property or other owned hard real estate assets currently appraised in excess of the investment amount or in the form of owned securities that will have a net future value equal to or greater than the investment amount, ensuring the return of principal at term.

3. Insufficient Owner Equity and Liquidity. Project owners' should be able to demonstrate equity currently invested into the project and documented by the following:

- (a) Documented control of property (subject land parcel);
- (b) Completed and approved site engineering;
- (c) Completed and approved architectural plans;
- (d) Documented municipal, state and federal permits and approvals for design, zoning and environmental;
- (e) Recent [MAI] full project appraisal or business valuation with feasibility and market studies;
- (f) Professionally presented business plan including pro-forma financial data and product marketing plan;
- (g) Experienced and dedicated management and advisory team comprised of industry specific professionals. In addition, project ownership must evidence ample liquidity in order to establish a valid capacity to compensate for the possibility of insufficient future cash flow should pro-forma projections not be met.

4. Lack of Investor Seed Capital. This is the project entities' largest hurdle because without seed capital, none of the above can occur. It is imperative that the owner(s) of the project find an investor or group of investors that believes in their project and has the cash and/or assets to put up in order to back the project financially. The major issues with any investor or group of investors are the safety of their principal, the projected return on investment in a relatively short time period, along with a percentage of future project profits. As a first step, seed capital will allow the developer to cover initial land and development costs (deposits, contracts, options, approvals, engineering, design, studies, appraisals, etc) which include completion of the documentation package required to prove the project bankable and qualify for applicable bridge, mezzanine and/or private equity capital leveraged by permanent financing commitments.